GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

Industries, Infrastructure, Investment & Commerce Department – Constitution of Committee to examine the Financial aspects for concessions / reliefs / remedial measures to the Jute Industries - Orders- Issued.

INDUSTRIES, I&I & COMMERCE (PROG.I) DEPARTMENT

G.O.Rt.No. 310 Dated: 18/11/2019

Read the following:

1. From the Prl. Secy., to Govt., Lr. No. 4/PS PESHI,III& C/2019, Dt. 27.06.2019.
2. From the District Collector, Vizianagaram, Lr. No. 3/A2/2018-1, Dt. 19.08.2019.
3. Email from the General Manager, DIC, Srikakulam, Dt.19.08.2019.

***

ORDER:

Based on the discussions held during Collectors conference held on 24th & 25th, June 2019, in the reference 1st read above, the District Collector, Vizianagaram and the General Manager, DIC, Srikakulam were requested to submit a report on closer of Jute Mills and various problems being faced by the Jute Mills and Concessions/ reliefs/ remedial measures to be taken to the Jute Industries by the Government.

2. After careful examination of the detailed reports furnished by the District Collector, Vizianagaram and the General Manager, DIC, Srikakulam on problems being faced by the Jute Mills and the measures to be taken up by the Government to help the Jute sector vide references 2nd & 3rd read above (Annexure), Government hereby constitute the Committee with the following members to examine financial aspects of these Jute mills and submit a detailed report to Government, within a week from the date of issue of order :-

- Secretary to Government, Textiles
- Director of Industries and
- Sri Shalem Raju, PPP Expert, Finance Department

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

RAJAT BHARGAVA
PRINCIPAL SECRETARY TO GOVERNMENT

To
The Secretary to Government, (Textiles),
Industries, Infrastructure, Investment & Commerce Department.
The Director of Industries, Andhra Pradesh, Vijayawada.
Sri Shalem Raju, PPP Expert, Finance Department.
Copy to: P.S to Prl. Finance Secretary to Government.
P.S. to Hon'ble Minister for Industries.
P.S. to Prl. Secretary to Government.
Sf/Sc

//FORWARDED :: BY ORDER//

SECTION OFFICER

Annexure to G.O.Rt. No. 310, Industries, Infrastructure, Investment & Commerce (Prog.1) Dept., dt: 18.11.2019

I. Various problems being faced by the Jute Mills of Vizianagaram District, furnished by the District Collector, Vizianagaram are as follows:

1. Unexpected increase in the price of inputs salaries and wages without corresponding to the increase in the price of the finished goods.
2. Jute demand is decreasing day by day as it is substituted by HDPE bags.
3. Entry of Jute twine, Yam and gunny bags from Bangladesh and Nepal at low prices.
4. Export of Jute goods are duty free from Manufactures' of Bangladesh and Nepal.
5. Various concessions, reliefs and subsidies are being offered by the Government of Bangladesh and Nepal.
6. Cultivation of Mestha has been drastically come down and the farmers are diverted to other commercial crops due to lack of minimum support price and also non supply of quality seed.
7. Accumulated losses due to power cuts and power holidays during the period 2010- 11 to 2013-14.

The remedial measures to be taken up by the Government to help the Jute Sector are as follows:

1. Provision of sanction of power subsidy/power rebate to all the Jute industries existing in the state.
2. Reduction in the GST rate of Tax on Jute- twine and yam to be given on reimbursement of GST on Jute products as is being given by the West Bengal Government.
3. Transport subsidy for transportation of raw materials from West Bengal, Bihar and Assam as is being given by Handlooms sector (Jute) under NHPC scheme.
4. Total ban is to be imposed on plastic goods to avoid environment pollution and promoting the use of the Eo- Friendly jute twine products.
5. Use of Jute twine and jute yarn for stitching of Jute rice bags by the FCI and also use of Jute twine from the local industry for agriculture usage for stitching of bags is to be encouraged as is done by the Tamilnadu Government.
6. Provision of grant of working capital and other loans to jute industries at subsidized rate of interest.
7. Skill Development training is to be imparted to jute workers as there is short of skilled labour.

II. PROBLEMS FACING BY THE JUTE WORKERS IN SRIKAKULAM DISTRICT FURNISHED BY THE General Manager, DIC SRIKAKULAM DISTRICT ARE AS FOLLOWS:

1. All the mills are incurring huge losses due to unexpected increase in the prices of inputs like raw jute, jute batching oil, store material, increase in salaries and wages without corresponding increase in the prices of finished goods due to adverse market conditions on account of stiff competition from HDPE bags and rampant imports of jute yarn, jute twine and gunny bags from Bangladesh and Nepal.
2. MGNREGS (Mahatma Gandhi National Rural Employment Generation Scheme) is also one of the main reasons for sickness of this sector as in MGNREGS workers are getting good remuneration than Jute workers with less working period (4 to 6 hours/day).
3. Demand for jute goods is also decreasing day by day as it is substituted by HDPE bags, HDPE material like plastic twine at cheaper rate.

4. Exports of Jute goods are duty free for manufacturers in Bangladesh and Nepal besides getting cash subsidies and they are able to market their goods in India at much lower price and as such jute mills of our area are not able to compete with them. The import price is much less compared to cost of goods produced by A.P. Jute Mills on account of various concessions, reliefs and subsidies being offered by the Government of Bangladesh and Nepal to their jute industries.
5. Cultivation of MESTA has been drastically come down in the districts of Srikakulam and Vizianagaram due to lack of support of the Government, and other reasons like lack of Minimum Support Price (MSP) and Non-supply of quality seed, etc.

Year	Area of Jute Cultivation (in Hectares)
2012	12258
2013	4680
2014	3719
2015	2600
2016	2170
2017	1860
2018	1550

6. The Jute farmers in these districts have switched over to other cash crops like cotton, maize, gingili etc.. This results in shortage of MESTA crop which compels the Jute twine and bags industries to buy Jute from Bengal, Assam, Bihar and Bangladesh incurring huge transportation costs. The state government is not extending any transport subsidy to meet transportation costs as is being done to handloom industry under NHPC scheme.
7. The Jute industry sustained huge financial losses during the year from 2010-11 to 2013-14 on account of acute power cuts, power holidays, etc in Andhra Pradesh, which compelled the managements to run the jute units with the help of diesel generating sets which cost Rs.20 to Rs.22 for unit against the cost of Rs.7.50 per unit of power being supplied by APEPDCL. Heavy penalties and other unaffordable charges by way of F.S.A. Charges have been levied by the APEPDCL during those periods of power cut.

<u>The concessions / reliefs / remedial measures to the taken up by the Government to help Jute Sector:</u>

1. Sanction of power subsidy/rebates on par with aqua culture.
2. Extend transport subsidy for transportation of raw materials from West Bengal, Bihar and Assam (Within the country) as is being given to the Handloom Sector under NHPC Scheme.
3. Providing funds for labour training and skill development as there is an acute shortage of skilled labour.
4. Sanctioning of Working capital and other loans to jute industry at subsidized rate of interest.
5. Reduction in the GST rate of tax on Jute - Twine and Yarn.
6. Reimbursement of GST on Jute products as given by the West Bengal Government.
7. TOTAL BAN ON PLASTIC GOODS - such as plastic thread (sutli), HDPE Bags.
8. Compulsory use of Jute Twine and Yarn for stitching of Rice Jute bags procured by the FCI and Civil Supplies Department.

RAJAT BHARGAVA
PRINCIPAL SECRETARY TO GOVERNMENT